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Ireland

Exporter Guide

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Report Highlights:

This report provides information to U.S. firms interested in doing business in Ireland. It focuses on exports of consumer oriented foods, beverages and edible fishery products.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
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SECTION I. MARKET OVERVIEW

General Economy:

The "Celtic Tiger", as the Irish economy is now commonly called, has the fastest growing economy among the world's industrialized nations, outpacing all other OECD members with an estimated 10.5 percent growth in gross domestic product (GDP) in 1999 and 8.0 percent GDP growth in 1998. This dramatic economic growth has pushed Ireland into second place in the EU in terms of per capita income.

In 2000, the economy is expected to continue to prosper. The Irish government projects strong economic growth in fixed investment throughout 2000 supported by high levels of business confidence and low interest rates. Consumer spending is forecast to increase by 6.6 percent in 2000.

After almost five consecutive years of rapid economic growth without serious inflationary pressure, Ireland's inflation rate began to spike upwards in the last quarter of 1999. The inflation rate for the year 1999 averaged 1.6 percent, but the rate has risen steeply in the first quarter of 2000. Inflation averaged 4.6 percent in the three months to April 2000, compared with 3.2 percent in the previous three months and 1.5 percent during the same period last year.

As of January 1 2000, Ireland is a full member of the EURO-Zone and the Irish Pound was irrevocably fixed at a rate of IP 1.2124 against the EURO (1 EURO is worth IP 0.787564). The EURO has fallen in value against the dollar and sterling since its launch in January. As a result Irish exports are relatively cheap when sold in U.S. and UK markets, and U.S. imports into Ireland are relatively more expensive.

Unemployment has fallen sharply in recent years. Unemployment averaged 8.5 percent in February 1998 and is expected to be below 4 percent for the year 2000. The fourth quarter labor force figures for 1999 indicate that there are a total of 1,736,100 persons in the Irish labor force, of which 1,647,400 are in employment and 88,700 are unemployed. The long-term unemployed represent about 40 percent of the total of those without jobs.

It is not just economic good luck that turned the Irish economy into a "Celtic Tiger." Factors such as tough cuts in government spending dating from the late 1980s, made as part of the series of "National Wage Partnership Programs" negotiated between the Government and the private sector and which ushered in a period of cooperative industrial relations, as well as reductions in taxation rates and targeted Irish Government programs to attract foreign direct investment in key economic sectors such as computers, financial services, and pharmaceuticals all contributed to the economic growth Ireland has enjoyed since the early 1990s. In addition, European Union (EU) funds, received since Ireland's 1973 EU accession, assisted Irish governments in making needed structural planning reforms, as well as improving Ireland's infrastructure in key sectors.

The most threatening storm cloud in the economy is inflation and fears it may soar so high as to spark a wage-price spiral similar to that experienced in Ireland in the early 1980s. Irish economists and Government officials are mixed on whether the spike is a short-term reaction to

external factors or is the start of a longer trend, which will significantly slow down the Irish economy and spark a wage price spiral.

Related to the inflation worry, are the growing job shortages in Ireland. Many commentators suggest that Ireland is nearing "full employment." Successful efforts are also being made to boost the numbers of women, particularly older women, participating in the labor force. The pool of talented, English-speaking workers has been a prime attraction for the foreign investors and multinationals who have been fueling much of the economic growth of the last decade. An end to that pool may spark a decline in additional foreign investment in the coming years, leading to slower national growth rates.

Food and the Economy

The Irish food market is relatively small, with a population of just over 3.75 million and a per capita disposable income of approximately \$13,750 in 1999. There has been annual growth in population since 1991. This is mainly as a result of the booming economy with the resultant return of former emigrants and lower emigration. Over one-third of the population resides in and around the country's capital, Dublin. The next major city is Cork with a population of about 150,000. While Ireland still has a relatively large rural population compared with other developed countries, a rapid growth in urban population (with a decrease in the rural population) has been recorded since the mid 1960's.

Approximately half of the Irish population is aged under 27 years. However, the population structure is changing with lower fertility rates than those in the 1960's and 1970's being recorded in recent years. About 80 percent of Irish families own their own homes. Consumer surveys indicate that about 98 percent of all homes have refrigerators and/or freezers and that about half have a microwave. Nearly every home has a TV which makes this a useful advertizing medium.

The Irish consumer is demanding more and more quality when shopping for foods. While women still tend to be the dominant buyer in rural populations, men especially in urban areas now share the weekly food purchasing chores. Home preparation of food is still the norm but convenience ready meals especially from the chilled cabinet are becoming more fashionable.

Dining out continues to be popular. Restaurants serving international foods are in abundance. The foods served are usually prepared from fresh food sourced from Ireland or other EU countries. There has been a growing awareness of Ireland's vast "natural" food resource and "Irish" restaurants serving "Irish foods" are now becoming popular. Tex-mex restaurants are beginning to emerge as an alternative style of dining. Following the surge of interest in dining Chinese, most stores now stock a number of ranges of Chinese style sauces and foods. A similar trend is emerging for Tex-mex items.

With the economy on an all-time high consumers are prepared to pay for quality and new-to-the-market food products. This has been evident in recent years with the increase in sales of consumer-ready chilled and frozen food products.

Advantages and Challenges facing U.S. Products in Ireland

Advantage	Challenge
Retail market very competitive	Ensure products are priced to attract consumers attention
Economic boom gives many consumers higher purchasing power	Importers need to be made aware of "new to the market" products
English speaking population	Exporters must ensure that Irish tastes are not confused with English (UK) tastes
U.S. looked on favorably in Ireland	Overcome strict (EU) labeling requirements
Familiarity with U.S. products	Competing EU products offer cheaper alternative
U.S. foods generally considered safe	Overcome consumer fears on GMO and Food Safety

SECTION II. EXPORTER BUSINESS TIPS

The Irish retail sector watches worldwide trends in food consumption and is very aware of new to market ideas. A high proportion of retailers and importers/distributors attend international food shows and often use these as the basis for finding "new" products.

To help promote a product at retail level, importers and retailers need good POS material. This does give a new product an advantage on retailers shelves.

While we share a common language, the Irish and British consumers are very different and exporters should be aware tastes are often different and exporters should consult with their importers to ensure that the product matches the market.

Exporters should be aware that a food safety culture is now very evident in the EU and Ireland. Consumers are demanding to know the origin and content of the food which they are buying and eating. As a result, importers prefer to deal directly with manufacturers, rather than through brokers, to ensure that quality standards at all stages of production are maintained. The agency which has oversight of all food safety issues in Ireland is the Food Safety Authority of Ireland. Website: <http://www.fsai.ie>

Ireland follows EU policies regarding labeling and ingredient labeling. More information on these EU requirements can be obtained from the FAS homepage at <http://www.fas.usda.gov>

The Customs Branch of the Irish Revenue Commissioners is responsible for the clearance of all goods into Ireland. U.S. exporters of food and agricultural products should note that they may require an import license, obtainable from the Irish Department of Agriculture, Food and Rural Development, to import food items into the country. Importers are aware of these requirements.

In addition, imports of food products may be subject to EU tariffs and import duties. Once again, exporters can ascertain that information on submission of details of the product to the Revenue Commissioners. (Website: <http://www.revenue.ie>)

As Ireland is a relatively small market, small shipments can add to the cost of getting products to the consumer. Importers often consolidate shipments from the U.S. or tranship through the UK or Rotterdam, The Netherlands.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

According to recent surveys two percent of all food outlets now account for about one half of turnover. The total number of retail outlets is about 10,300 with the following structure:

Multiples:	161
Symbols:	1,000 (approx)
Independents	9,100 (approx)
Total	10,261 (approx)

The retail trade is dominated by the three main supermarket groups: Tesco Ireland, Dunnes Stores and Superquinn, and the "symbol" groups of independent retailers. The Tesco Ireland group is part of the UK based Tesco group.

Symbol groups of retailers are independent retailers who source the bulk of their produce from a central buyer and operate their stores using a common trading name, while still maintaining their independence. As a consequence own label products (products sold under a retailers rather than a manufacturers name) have become important.

Two new supermarket chains - ALDI and LIDL, both German owned, have recently commenced operations in Ireland with smaller stores located in urban centers throughout the country.

Retailers generally use an importer to handle their imported product requirements. Many of the multiple stores monitor developments in retail markets in other countries and often source new product lines themselves. The actual purchase and logistics of importing is then handed over to known importers/distributors.

A large number of importers, many of them quite small, serve the retail trade. These companies may also be wholesale agents for Irish produced goods and/or be manufacturers themselves. Most importers of non-frozen and chilled foods have in-house distribution networks and warehousing. The main fruit and vegetable importers/distributors have packing facilities for pre-packs, for which there is increasing demand. Importers of wine and beers usually carry an extensive portfolio of products, both from Ireland and other countries, and have distribution arrangements to most parts of the island within the Republic of Ireland.

For more information on the retail sector please refer to the Retail Sector Report for Ireland which can be accessed through the FAS website at <http://www.fas.usda.gov>

The Irish food industry is strong at marketing and Irish consumers tend to purchase home produced (Irish) food items first and then purchase imported foods on quality and value criteria.

Surveys have indicated that over 80 percent of all housewives currently claim to buy an own label/generic product each month. These products made rapid inroads during the 1980's with over 90 percent penetration. Own label products have a relatively classless appeal and are particularly favored by larger, younger families living in both urban and rural areas.

SECTION IV. BEST HIGH VALUE PRODUCT PROSPECTS

- (a) Breakfast cereals
- (b) Cookies - in Ireland known as biscuits
- (c) Coffee- especially flavored
- (d) Snack foods
- (e) Pet Food
- (f) Fish
- (g) Fruit and Vegetables
- (h) Soft drinks and fruit juices
- (i) Wine and Beers
- (j) Sauces and salad dressings other than mayonnaise

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Office of Agricultural Affairs
American Embassy
42 Elgin Road
Ballsbridge
Dublin 4
Tel: +353-1-6687122
Fax: +353-1-6687423
FAS Homepage: <http://www.fas.usda.gov>

Import licenses:

Department of Agriculture, Food and Rural Development
Agriculture House
Kildare Street
Dublin 2
Tel: +353-1-607-2000
Fax: +353-1-661-6263

For information on tariffs:

Office of the Revenue Commissioners

Tariff Classification Unit
 Government Building
 St. Conlon's Road
 Nenagh, Co. Tipperary
 Tel: +353-67-33533
 Fax: +353-67-32385

For information on food labeling:

Office of the Director of Consumer Affairs
 4 Harcourt Road
 Dublin 2
 Tel: +353-1-402-5555
 Fax: +353-1-402-5501

General food market information (mainly for Irish exporters) but has an overall view of the Irish market

Bord Bia (Irish Food Board)
 Clanwilliam Court
 Lr. Mount Street
 Dublin 2
 Tel: +353-1-668-5155
 Fax: +353-1-6687521
 website: www.bordbia.ie

Food Safety Issues:

Food Safety Authority of Ireland
 Abbey Court
 Lower Abbey Street
 Dublin 1
 Tel: +353-1-817-1300
 Fax: +353-1-817-1301
 Website: www.fsai.ie

APPENDIX I. STATISTICS

A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports from All Countries(\$Mil)/U.S. Market Share (%)	2,773/ 7
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Consumer Food Imports from All Countries (\$Mil) /U.S. Market Share (%)		1,851/1
Edible Fishery Imports from All Countries (\$Mil)/U.S. Market Share (%)		75/1
Total Population (Millions)/Annual Growth Rate (%)		3.79/1.1
Urban Population (Millions)/Annual Growth Rate (%)		1.5/n.a.
Number of Major Metropolitan Areas ^{1/}		1
Size of the Middle Class (Millions)/Growth Rate (%)		n.a.
Per Capita Gross Domestic Product (US\$)		29,128
Unemployment Rate (%)	June 2000	4.3
Per Capita Food Expenditures (US\$)	1999	3,810
Percent of Female Population Employed ^{2/}	May 2000	35.7
Exchange Rate	US\$ = IRP	0.8940

1/ Centers with population over 1,000,000

2/ Percent against total number of women (15 years old or above)

Source: Various GOI statistical releases.

B. CONSUMER FOOD & EDIBLE FISHERY PRODUCTS IMPORTS

Ireland Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
CONSUMER-ORIENTED AGRICULTURAL TOTAL	1,995	2,159	1,851	27	33	27	1	2	1
Snack Foods (Excl. Nuts)	277	291	241	1	1	1	0	0	0
Breakfast Cereals & Pancake Mix	81	74	64	1	1	1	1	2	0
Red Meats, Fresh/Chilled/Frozen	51	63	49	1	1	1	1	2	2
Red Meats, Prepared/Preserved	127	118	93	0	1	0	0	0	0
Poultry Meat	55	69	63	0	0	0	0	0	0
Dairy Products (Excl. Cheese)	178	204	182	1	1	1	0	0	0
Cheese	70	62	62	1	1	1	0	0	0
Eggs & Products	7	7	5	1	1	1	2	2	3
Fresh Fruit	136	128	107	2	3	2	2	2	2
Fresh Vegetables	90	115	75	1	1	1	0	0	0
Processed Fruit & Vegetables	162	175	159	3	3	3	2	2	2
Fruit & Vegetable Juices	38	46	45	1	1	1	1	1	1
Tree Nuts	5	5	4	1	1	1	14	10	14
Wine & Beer	175	189	166	13	15	15	7	8	9
Nursery Products & Cut Flowers	33	36	33	1	1	1	0	0	0
Pet Foods (Dog & Cat Food)	36	40	34	1	1	1	0	0	0
Other Consumer-Oriented Products	473	538	472	5	7	4	1	1	1
FISH & SEAFOOD PRODUCTS	83	95	75	4	2	1	5	2	1
Salmon	13	10	9	4	2	1	32	20	10
Surimi	1	1	1	0	0	0	0	0	0
Crustaceans	20	28	23	1	1	1	1	0	1
Groundfish & Flatfish	9	11	7	0	0	0	0	0	0
Molluscs	1	1	1	0	0	1	0	0	0
Other Fishery Products	40	45	34	1	1	1	0	0	0
AGRICULTURAL PRODUCTS TOTAL	3,451	3,281	2,773	355	258	207	10	8	7
AGRICULTURAL, FISH & FORESTRY TOTAL	3,907	3,798	3,187	396	298	233	10	8	7

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERIES PRODUCTS**Ireland - Top 15 Suppliers****CONSUMER-ORIENTED AGRICULTURAL IMPORTS**

	1997	1998	1999
(\$1,000)			
United Kingdom	1,231,829	1,347,930	1,148,859
Netherlands	152,712	193,787	158,131
France	127,095	141,249	110,367
Spain	62,760	64,447	57,682
Belgium	0	0	46,085
Germany	41,192	41,396	39,007
Italy	37,973	39,570	34,729
Denmark	39,644	33,198	29,322
Free Zones	274	42	28,344
United States	27,235	32,526	27,000
Australia	15,298	18,909	18,936
S.Afr.Cus.Un	18,513	18,345	16,632
Chile	12,681	14,740	15,091
Brazil	11,636	10,675	12,192
Colombia	13,690	11,784	11,361
Other	202,247	190,272	97,233
World	1,994,807	2,158,879	1,850,997

FISH & SEAFOOD PRODUCTS IMPORTS

	1997	1998	1999
(\$1,000)			
United Kingdom	55,835	64,254	56,606
Denmark	9,044	9,860	8,688
Netherlands	1,746	4,879	3,862
United States	4,305	2,016	1,071
Free Zones	84	0	998
Iceland	415	815	741
Thailand	4,457	2,409	585
Canada	615	360	453
Italy	47	931	403
Indonesia	399	536	317
Bulgaria	0	0	286
Philippines	387	553	265
Sweden	9	711	151
Belgium	0	0	149
Ecuador	311	0	104
Other	5,383	7,648	702
World	83,037	94,965	75,390

Source: United Nations Statistics Division